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**BOARD OF TRUSTEES OF THE INDIANA STATE TEACHERS' RETIREMENT FUND**

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**Resolution No. 2011-04-04**

Adopting rules related to the administration of the Fund as described herein.

WHEREAS, the Indiana State Teachers' Retirement Fund exists to provide retirement benefits to its members, their survivors, and beneficiaries;

WHEREAS, the Board of Trustees of the Indiana State Teachers' Retirement Fund, by statute, administers the Fund;

WHEREAS, the Board of Trustees, pursuant to [IC 5-10.4-3-8](#), may establish and amend rules and regulations for the administration of the Fund without adopting a rule under Indiana Code 4-22-2; and

WHEREAS, the Board of Trustees of the Indiana State Teachers' Retirement Fund wishes to adopt, readopt, amend, and/or repeal certain rules contained or to be contained in the Indiana Administrative Code related to the administration of the Fund as described herein;

NOW THEREFORE, BE IT RESOLVED by the Board of Trustees of the Indiana State Teachers' Retirement Fund that:

SECTION 1. [550 IAC 2-4-5](#) IS AMENDED TO READ AS FOLLOWS:

**[550 IAC 2-4-5](#) Member designation of beneficiaries**

**Authority:** [IC 5-10.4](#)

**Affected:** [IC 5-10.2-3-7.5](#); [IC 5-10.2-3-10](#); [IC 5-10.4-4-10](#)

Sec. 5. (a) A new member shall designate, by name, primary and secondary beneficiaries to receive the assets present in the annuity savings account equally or designated by whole percentage increments on the occasion of the member's death prior to retirement, less any disability benefits paid.

(b) A member who establishes a rollover account pursuant to [IC 5-10.2-3-10](#) may designate a beneficiary or beneficiaries separate from those designated on the member's annuity savings account under the requirements as stated herein.

(c) A member may name more than one (1) individual as primary or contingent beneficiaries of the member's annuity savings account or rollover account. Members may designate that the assets held in the account shall be divided equally or allocated by whole percentage increments to primary and contingent beneficiaries. Upon the member's death, the assets held in the account shall be divided equally among the surviving primary beneficiaries or, if none, among the surviving contingent beneficiaries, or by whole percentage increments to such beneficiaries if the member has designated percentage increments on a TRF form. Alternative beneficiary designations, such as per stirpes or by representation, will not be accepted or recognized by the fund. If a member has designated more than one (1) primary beneficiary, and one (1) or more of the primary beneficiaries predecease the member and the member does not complete a new beneficiary designation form, the remaining primary beneficiaries will receive an apportioned pro rata share based on the remaining primary beneficiaries' allocated percentages of the deceased primary beneficiary or beneficiaries portion. For example, member X designates three (3) primary beneficiaries as follows: Ann 60%, Bob 30%, and Carl 10%. Ann predeceases member X, and member X does not submit a new beneficiary designation form. Member X had \$10,000 in her annuity savings account (ASA) at the time of her death. Ann's 60% share will be divided between Bob and Carl as follows: Bob \$4,500 and Carl \$1,500. Therefore, the total amount that Bob will receive from member X's ASA is \$7,500, and the total amount that Carl will receive from member X's ASA is \$2,500.

(d) A member may name a trust, the member's estate, or other legal entity as the beneficiary of the member's annuity savings account or rollover account.

~~(e) A member may change his or her beneficiary designation in a manner and form approved by the board. Only beneficiary designations received by the fund or in the case when it was postmarked on or before the date of death shall be valid. The designated beneficiary's right to a benefit vests on~~ **upon** ~~the date of death of the member. A change of beneficiary designation must be made in a manner and form approved by the board and must be filed with the fund before the time and date of death of the member. If the beneficiary~~

designation was received by the fund on or before the time and date of death of the member, and is otherwise acceptable, it shall be deemed to have met this requirement. A beneficiary designation for the ASA or RSA must be witnessed by an individual other than the member's designated beneficiary. Timely electronic beneficiary designations submitted through the fund's website in a form and manner approved by the board shall be deemed to have met the requirements of this rule. (*Board of Trustees of the Indiana State Teachers' Retirement Fund*; [550 IAC 2-4-5](#); filed Oct 5, 1992, 5:00 p.m.: 16 IR 707; readopted filed Dec 3, 2001, 11:02 a.m.: 25 IR 1731; adopted Mar 27, 2007: [20070404-IR-550070200ONA](#); adopted Apr 21, 2010: [20100505-IR-550100241ONA](#); adopted Nov 19, 2010: [20101208-IR-550100723ONA](#); adopted Apr 29, 2011: [20110511-IR-550110274ONA](#))

SECTION 2. [550 IAC 3-3-1](#) IS AMENDED TO READ AS FOLLOWS:

**[550 IAC 3-3-1](#) Compliance with Code Section 401(a)(31) for eligible rollover distributions**

**Authority:** [IC 5-10.4-3-6](#); [IC 5-10.4-3-8](#)

**Affected:** [IC 5-10.2-2-14](#); [IC 5-10.2-3-10](#)

Sec. 1. (a) For purposes of [IC 5-10.4-4-12](#) and compliance with Section 401(a)(31) of the Internal Revenue Code, this section applies notwithstanding any contrary provision that would otherwise limit a distributee's election to make a rollover. A distributee may elect, at the time and in the manner prescribed by the board of trustees, to have any portion of an eligible rollover distribution paid directly to an eligible retirement plan specified by the distributee in a direct rollover.

(b) For purposes of this section, "direct rollover" means a payment by the plan to the eligible retirement plan specified by the distributee.

(c) For purposes of this section, "distributee" means an employee or former employee. It also includes the employee's or former employee's surviving spouse and the employee's or former employee's spouse. Effective January 1, 2009, a distributee further includes a nonspouse beneficiary who is a designated beneficiary as defined by Section 401(a)(9)(E) of the Internal Revenue Code. However, a nonspouse beneficiary may rollover the distribution only to an individual retirement account or individual retirement annuity (or, effective January 1, 2008, a Roth IRA) established for the purpose of receiving the distribution, and the account or annuity must be treated as an inherited individual retirement account or annuity.

(d) For purposes of this section, "eligible retirement plan" means any of the following that accepts the distributee's eligible rollover distribution:

- (1) an individual retirement account described in Section 408(a) of the Internal Revenue Code;
- (2) an individual retirement annuity described in Section 408(b) of the Internal Revenue Code;
- (3) an annuity plan described in Section 403(a) of the Internal Revenue Code;
- (4) a qualified trust described in Section 401(a) of the Internal Revenue Code;
- (5) effective January 1, 2002, an annuity contract described in Section 403(b) of the Internal Revenue Code;
- (6) effective January 1, 2002, a plan eligible under Section 457(b) of the Internal Revenue Code that is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or a political subdivision of a state that agrees to separately account for amounts transferred into that plan from the retirement system; or
- (7) effective January 1, 2008, a Roth IRA described in Section 408A of the Internal Revenue Code.

(e) For purposes of this section, "eligible rollover distribution" means any distribution of all or any portion of the balance to the credit of the distributee, except that an eligible rollover distribution does not include the following:

- (1) any distribution that is one (1) of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or the life expectancy) of the distributee or the joint lives (or joint life expectancies) of the distributee and the distributee's designated beneficiary, or for a specified period of ten (10) years or more;
- (2) any distribution to the extent such distribution is required under Section 401(a)(9) of the Internal Revenue Code;
- (3) the portion of any distribution that is not includible in gross income; and
- (4) any other distribution that is reasonably expected to total less than two hundred dollars (\$200) during the year.
- (5) Effective January 1, 2002, a portion of a distribution will not fail to be an eligible rollover distribution merely because the portion consists of after-tax employee contributions that are not includible in gross income. However, such portion may be transferred only:

(A) to an individual retirement account or annuity described in Section 408(a) or (b) of the Internal Revenue Code or to a qualified defined contribution plan described in Section 401(a) of the Internal Revenue Code; (B) on or after January 1, 2007, to a qualified defined benefit plan described in Section 401(a) of the Internal Revenue Code or to an annuity contract described in Section 403(b) of the Internal Revenue Code, that agrees to separately account for amounts so transferred (and earnings thereon), including separately accounting for the portion of the distribution that is includible in gross income and the portion of the distribution that is not so includible; or

(C) on or after January 1, 2008, to a Roth IRA described in Section 408A of the Internal Revenue Code. Effective January 1, 2002, the definition of eligible rollover distribution also includes a distribution to a surviving spouse or to a spouse. (*Board of Trustees of the Indiana State Teachers' Retirement Fund*; [550 IAC 3-3-1](#); adopted Dec 16, 2009: [20100106-IR-550090990ONA](#); adopted Apr 29, 2011: [20110511-IR-550110274ONA](#))

DATED: April 29, 2011

Kendall W. Cochran

President of the Board of Trustees

Indiana State Teachers' Retirement Fund

Resolution adopted by 6 affirmative, 0 negative votes.

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